

Message Text

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E.O. 11652: GDS
TAGS: ELAB FR
SUBJECT: CHRYSLER AGREEMENT: THE
TRADE UNION ASPECT

REF: PARIS 25268

1. SUMMARY: CAUGHT OFF-GUARD BY THE AGREEMENT FOR
THE SALE OF CHRYSLER'S EUROPEAN OPERATIONS TO PEUGEOT-
CITROEN, FRANCE'S RIVAL TRADE UNIONS ARE RESPONDING
LOUDLY, WITH BOTH THE COMMUNIST CGT AND THE AUTO-
NOMOUS CSL -- CURRENTLY DOMINANT IN THE INDUSTRY --
SHOWING SIGNS OF JUSTIFIABLE (FROM THEIR POINT OF
VIEW) CONCERN FOR THEIR FUTURE. END SUMMARY.

2. THE ANNOUNCEMENT OF THE AGREEMENT BETWEEN CHRYSLER
AND PEUGEOT-CITROEN FOR THE SALE OF THE BULK OF
CHRYSLER'S EUROPEAN OPERATIONS TO THE FRENCH FIRM
SURPRISED AND IRRITATED ALL OF THE FRENCH TRADE
UNIONS. ORGANIZED LABOR, FEELING THAT SOMETHING HAD
BEEN PULLED OFF BEHIND THEIR BACKS, WAS FURTHER
AGGRAVATED BY THE FACT THAT THE ANNOUNCEMENT CAME
IN THE MIDST OF THE VACATION PERIOD, WHICH HEIGHTENED
THEIR APPEARANCE OF DISARRAY. THEIR IRRITATION LIES
IN THE FACT THAT, THROUGH A LOOP-HOLE IN FRENCH LAW,
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A FIRM IS OBLIGED TO CONSULT WITH ITS UNIONS AND
COMITES D'ENTREPRISE ON A WIDE VARIETY OF MAJOR AND
MINOR ISSUES, BUT A HOLDING COMPANY, SUCH AS
PEUGEOT-CITROEN, CAN BUY OR SELL AN ENTIRE MULTI-
NATIONAL FIRM, SUCH AS SIMCA, WITHOUT ANY OBLIGA-
TION TO CONSULT OR EVEN INFORM THE EMPLOYEES, THEIR
UNIONS, AND THE STATUTORY REPRESENTATIVE BODIES.

SEEN FROM THAT PERSPECTIVE, THE PEUGEOT-CHRYSLER DEAL MADE THE UNIONS (AND THE LEGISLATION ON CONSULTATION) LOOK IRRELEVANT, SOMETHING THEY CAN NEITHER FORGIVE, NOR ACCEPT. ACCORDINGLY, THERE HAS BEEN A STEADILY ESCALATING VOLUME OF UNION DEMANDS, FOR CONSULTATIONS AND JOB SECURITY GUARANTIES FOR THE AFFECTED WORKERS (PUNCTUATED BY AN INTERNATIONAL CONFERENCE); AND NOW, MOST RECENTLY FOR A CHANGE IN THE LAW.

3. WHILE THE UNIONS BELIEVE THAT ANY MERGER PROVIDES MANAGEMENT WITH AN EXCUSE TO TRIM THE PAYROLL, THEY ARE NOT REALLY CONCERNED THAT THERE WILL BE PERSONNEL CUTS IF THE SALE GOES THROUGH. BUT IT IS NOT JUST AGGRIEVED AMOUR PROPRE WHICH IS BEHIND THE NOISE. RATHER, THE SALE OF CHRYSLER'S OPERATIONS TO PEUGEOT, COINCIDING AS IT DOES WITH APPARENT CHANGES IN THE INDUSTRIAL RELATIONS POLICIES OF BOTH PEUGEOT AND THE STATE-OWNED RENAULT AUTO FIRM, COULD ALTER, PERHAPS RADICALLY, THE BALANCE OF POWER AMONGST THE UNIONS IN FRANCE'S AUTO INDUSTRY; AND EVERYONE IS GETTING READY FOR THE FIGHT.

4. AT PRESENT, THE INDUSTRY IS DOMINATED BY TWO TRADE UNION FEDERATIONS. IN RENAULT IT IS THE COMMUNIST CGT, WHEREAS IN SIMCA, CITROEN, AND (BUT CONFIDENTIAL

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TO A FAR LESSER EXTENT) PEUGEOT IT IS THE INDEPENDENT AND CONTROVERSIAL CONFEDERATION OF INDEPENDENT UNIONS (CSL - THE FORMER FRENCH CONFEDERATION OF LABOR-CFT). IN A COUNTRY WHERE LABOR LAW REJECTS THE CONCEPT OF AN EXCLUSIVE BARGAINING AGENT AND GUARANTEES THE RIGHT OF THE FIVE NATIONALLY RECOGNIZED UNIONS TO OPERATE IN ANY LARGE CONCERN, THIS CURIOUS SITUATION IS NOT ACCIDENTAL. TO A LARGE EXTENT IT IS THE CONSEQUENCE OF THE LABOR RELATIONS POLICIES FOLLOWED BY THE FOUR FIRMS OVER AN EXTENDED PERIOD OF TIME.

5. RENAULT HAS TRADITIONALLY PURSUED A POLICY OF QUIET ACCOMMODATION WITH THE CGT. CITROEN, SIMCA, AND PEUGEOT, ON THE OTHER HAND, ALL SET OUT INDEPENDENTLY, AT DIFFERENT TIMES, TO GET RID OF THE CGT, AND REPLACE IT WITH WHAT STARTED OFF, AT

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LEAST, AS A COMPANY UNION: THE CSL. WITHIN VARYING LIMITS SET BY LAW AND CIRCUMSTANCE, PEUGEOT, CITROEN AND SIMCA HAVE MORE OR LESS OPENLY AIDED AND RENAULT HAS DONE NOTHING TO HARM THEIR PREFERRED UNION, A CRUCIAL FACTOR IN AN INDUSTRY WHERE THE SCALE OF THE PRODUCTION UNITS MAKES ORGANIZATIONAL WORK EXPENSIVE, AND THEREBY GIVES AN ADVANTAGE TO THE UNIONS THAT ESTABLISH THEMSELVES FIRST AND WIN CONTROL OF THE FACILITIES OF THE COMITES D'ENTREPRISE.

6. SEEN AGAINST THIS BACKGROUND, THE CGT'S REPEATED DEMANDS FOR THE NATIONALIZATION OF THE ENTIRE AUTO INDUSTRY, AND FOR THE LEGAL SUPPRESSION OF THE CSL BECOME MORE UNDERSTANDABLE. AS FOR THE SALE ITSELF, WHICH WOULD MAKE PEUGEOT THE COUNTRY'S NUMBER ONE AUTO PRODUCER, THE CGT PUBLIC RESPONSE HAS BEEN ANGRY TO THE POINT OF OCCASIONAL ABSURDITY. (IT HAS INTER ALIA PORTRAYED THE DEAL AS A PEUGEOT SELLOUT TO AMERICAN INTERESTS BY VIRTUE OF THE CHRYSLER EXECUTIVE WHO WOULD SIT ON ITS BOARD).

7. THE INTENSITY OF THIS CGT RESPONSE TO ITS ENEMY'S
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SUCCESS, HAS BEEN SHARPENED BY A RECENT UNHEARDED SHIFT IN RENAULT POLICY, AND THE RESULTING UNCER-

TAINTY AS TO THE GOVERNMENT'S INTENTIONS TOWARDS THAT COMPANY. SINCE THE APPOINTMENT OF RENAULT'S NEW GENERAL DIRECTOR, THE "WORD" HAS BEEN OUT THAT RENAULT WAS NO LONGER GOING TO TILT TOWARDS THE CGT AND THAT IT IS INCREASINGLY AGGRAVATED BY ITS UNSETTLED (AND SO COSTLY) LABOR RELATIONS, AS CONTRASTED WITH THE RELATIVE PEACE PREVAILING IN THE LESS WELL PAID PRIVATE AUTO PLANTS. THIS NEW MOOD IN RENAULT IS LINKED IN MANY MINDS (NOT CONFINED TO THE CGT) WITH VARIOUS GOVERNMENT STATEMENTS SUGGESTING THAT IT WOULD LIKE TO SELECTIVELY DIVEST ITSELF OF SOME OF THE NATIONALIZED SECTOR OPERATIONS, TURNING THEM OVER TO PRIVATE COMPANIES. ALTHOUGH TELECOMMUNICATIONS IS THE INDUSTRY MOST TALKED ABOUT IN THIS CONNECTION (SEE FOR EXAMPLE PARIS 22288), RENAULT'S OWN FUTURE HAS BEEN THE SUBJECT OF INTERNAL SPECULATION, AND WE HAVE BEEN TOLD, BY AN OFFICIAL WHO WAS PRESENT, THAT IT WAS EVEN DISCUSSED RECENTLY WITH THE CHIEF EXECUTIVE. HIS RESPONSE REPORTEDLY WAS AN ASSURANCE THAT THE GOVERNMENT HAD NO INTENTION OF CHANGING (AT LEAST) RENAULT'S STATUS, BUT THAT IT WOULD HAVE NO HESITATION ABOUT USING THE THREAT TO DO SO AS A PSYCHOLOGICAL CLUB IN ITS EFFORTS TO REORGANIZE AND RATIONALIZE CERTAIN OPERATIONS.

8. AT FIRST BLUSH, IT WOULD SEEM THAT THE CGT'S DISCOMFORT SHOULD BE BALANCED BY ELATION WITHIN THE CSL. HOWEVER, THE CSL'S REACTION HAS BEEN EVERY BIT AS ANGRY AS THAT OF THE CGT'S, AND FOR MUCH THE SAME REASON. ALTHOUGH OVERWHELMINGLY DOMINANT IN BOTH CITROEN AND SIMCA, THE CSL HAS NOT BEEN

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ABLE, EVEN WITH THE COMPANY'S BLESSING, TO ACHIEVE THE SAME DEGREE OF SUCCESS IN PEUGEOT. NOW, IT APPEARS, THE COMPANY HAS DECIDED TO SHIFT AWAY FROM OPENLY BACKING THE CSL TO A POSTURE OF NOT BLOCKING ANY UNION THAT LOOKS LIKE IT COULD BEAT THE CGT. AS AN APPARENT CONSEQUENCE OF THIS SHIFT, FORCE OUVRIERE (FO) AND THE WHITE COLLAR CADRE UNION (CGC) HAVE SCORED IMPRESSIVE VICTORIES IN THE COMPANY'S MULHOUSE AND DIJON PLANTS' ELECTIONS. THUS, THE CSL, STUCK WITH THE IMAGE OF A COMPANY UNION AND STILL SMARTING FROM THE UNSAVORY RHEIMS AFFAIR (SEE PARIS 17094 OF JUNE 9, 1977 AND PREVIOUS) SEES ITS ROLE AS PEUGEOT'S CHOSEN INSTRUMENT COMING TO AN END AT THE PRECISE MOMENT THAT THE FIRM IS ON THE WAY TO BECOME FRANCE'S LARGEST AUTO MANUFACTURER. SHOULD PEUGEOT'S NEW POLICY BE EXTENDED TO CITROEN AND SIMCA, THE CSL'S POSITION COULD QUICKLY

DISINTEGRATE.

9. UNDER THESE CIRCUMSTANCES, THE GROWING UNIONS SUCH AS FO, CFTC AND CGC (THE CFDT HAS PROBLEMS) ARE, PRIVATELY, FAR FROM UNHAPPY WITH THE SALE AGREEMENT; AND SOME EVEN CONFESS TO A CERTAIN AMOUNT OF SATISFACTION AT THIS VISIBLE EVIDENCE OF FRENCH INDUSTRIAL MIGHT. THEIR REAL INTEREST, HOWEVER, IS IN WHAT COULD BE THE BEGINNING OF A MAJOR REDISTRIBUTION OF POWER AMONGST FRANCE'S COMPETING AUTO UNIONS. HARTMAN

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